ment, "that men professing to have great influence with Congress and with banking houses came to you and offered their services to you and to perform certain things for you and to influence Congress. Will you please tell us who these men are?"

"I should like to state first," replied Judge Lovett, "that I should not have paid any attention to these approaches that were referred to but for the fact that they were followed at times by publications, despatches in the press, indicating that there was some ulterior motive in the plan we were trying to work out. For instance, on the 16th, the day I gave that statement to the press, it was published in some of the New York news bureaus, and I think in some of the New York newspapers, that our object was to secure a common banking control for the Union Pacific, the Pennsylvania and the Southern Pacific systems and the Baltimore and Ohio.

"I know that investigations were sometimes ordered on what appeared to be newspaper publications, and I thought I should state what had transpired and to deny these statements. But for that I should not have paid any attention to the efforts to secure the employment of particular counsel in connection with this matter. We could have protected ourselves in that respect of course."

Go Over Whole Matter.

The interrogations and the answers then went on as follows:

Q. What banking houses were seeking to gain control of all these roads? A. The publication to which I refer mentioned Kuhn, Loeb & Co., who are identified with the Union Pacific. They do not control it, but they are among the largest stockholders.

Q. They are large stockholders? A. They are large stockholders of the Union Pacific, but their holding is small compared with the total amount of the stock. They do not own control of the stock.

Q. What is the total amount of the stock? A. $516,000,000.

Q. What part of the stock do they own? A. They own, as I recall, as registered in their name—I do not know how much they own and how much they hold for others—upward of $20,000,000.

Q. Do you know whether or not they own any stock in the Pennsylvania or Baltimore and Ohio Railroad? A. I do not.

Mentions Congressman Riordan.

Q. Go ahead now with your statement. A. The case of the Government against the Union Pacific Railroad Company was decided on December 2 last year. Shortly after that I was told that a Congressman wanted to speak to me over the telephone. Before I mention his name I want to state that I have been told that other men connected with large interests in New York have been called on the telephone by persons purporting to be Congressmen when as a matter of fact it appeared that they were not. So in mentioning this Congressman's name I want to make that statement. I had not met the gentleman, did not know his voice. I do not know whether he was a Congressman or not, but he represented himself as Congressman Riordan of New York. I was told on the telephone that Congressman Riordan wanted to speak to me. I spoke to him—shall I state what he said?

"Yes," replied Chairman Overman.

"As near as I can recall it, said Judge Lovett, "in substance it was that we would encounter a good deal of difficulty in Washington in carrying out—working out—the plans for conforming to the decisions of the Supreme Court in the case to which I have referred; that there was what he termed an element that undoubtedly would put difficulties in our way, and that if we would employ a lawyer he mentioned he thought on account of his connections and influences we could be relieved of a great deal of the difficulty.

"He mentioned the name of Edward Lauterbach, a memser of the New York bar, and I terminated the conversation rather shortly, told him that we had all the counsel that we needed and was rather abrupt, I think, in closing the interview. That is the last communication that I had with Congressman Riordan, if it was Congressman Riordan.

"Now the rest of the information that came to me came through our counsel, who were approached, and from members of the board of directors and executive committee. I am perfectly willing to tell you, if you direct me to do so, what they told me."

"Yes, we desire it," said Senator Overman.

"But it is on information, not personal knowledge," said the witness.

"But we wish to hear that," said the Senator.

Approached by Lauterbach.

"Some time after that," said Judge Lovett, "Otto H. Kahn, a partner of the firm of Kuhn, Loeb & Co., told me that he had been approached by Edward Lauterbach and had been told that a movement was on foot in Washington by what he also termed the 'radical element in Congress,' to obstruct the proposed dissolution of the Union Pacific and Southern Pacific relations and to make a special inquiry, I believe, as to the Chicago and Alton financing that occurred a number of years ago, and about which there was more or less discussion in previous years, and some other matters of public interest. He said also that Mr. Lauterbach represented to him that he was in a position to be of service in the matter; that he believed that it could be stopped and that if he could be of any service he would be glad to act.

"Mr. Kahn told him, so he reported to me, that of course we could not take up a matter of that kind, and the interview stopped there at that time. Mr. Kahn reported the fact to me.

"Subsequently Maxwell Evarts, who was formerly general counsel for both the Union Pacific and Southern Pacific, but who on the separation of the management of the two companies in January last continued with the Southern Pacific Company and relinquished all connection with the Union Pacific, came in to see me one day and said that he had been called on the telephone by Congressman Riordan and had been urged to employ Mr. Lauterbach as counsel in this litigation; that unless Mr. Lauterbach was employed there would be many difficulties encountered at Washington.

"Mr. Evarts said that he told him that he was no longer connected with the Union Pacific and that he should communicate with me. He told Mr. Evarts that he would not do that, that I had no imagination, and that is the last we have heard from the gentleman purporting to be Mr. Riordan."

Impressed by Lovett's Story.

By this time the members of the committee were leaning forward intent upon every word uttered by Judge Lovett, while the silence in the committee room was most impressive.

"Some weeks later," continued Judge Lovett, "Paul D. Cravath, a lawyer of New York, of the firm of Cravath & Henderson, who are counsel for Kuhn, Loeb & Co. and who are especially employed in this litigation, telephoned me that he had just had a mysterious conversation by telephone, that he had been called by a gentleman who declined to give his name, and Mr. Cravath had

quite an extended discussion of that question with him, as to his unwillingness to hold a conversation with a man who declined to give his name.

"I am not able to state now whether or not this man mentioned Lauterbach's name in that conversation. At all events he wanted to discuss with Cravath the question of employing counsel who would be helpful at Washington, and when Cravath repeated the conversation to me I stated to Cravath that it was evidently another effort to secure the employment of Mr. Lauterbach.

"So I am uncertain, as I say, whether this gentleman who spoke to Cravath mentioned Lauterbach's name or whether it was mentioned by me in the conversation. I know I mentioned it in responding to Cravath that this was another effort of several that had been made to secure Lauterbach employment."

Cut Off the Conversation.

Mr. Cravath, the Judge said, declined to proceed with the conversation because the man would not give his name. He continued:

"A few days later he called Cravath again and persisted in his efforts to urge the employment, mentioning at that time, I am quite sure, the name of Lauterbach, but still refusing to give his name.

"Some time later Otto H. Kahn, to whom I referred just now, reported other visits from time to time from Mr. Lauterbach, in which Mr. Lauterbach renewed the predictions of trouble, as he expressed it, at Washington, and on Monday, before the statement to which you referred was issued by me, Mr. Kahn reported to me that Mr. Lauterbach had said in substance that a motion was about to be made, I think in the House of Representatives, to oppose this proposed dissolution or disposition of the stock of the Southern Pacific which was held by the Union Pacific, and that it probably would also involve a reopening of the money trust inquiry, I think, and some other matter that had been more or less discussed. I was more concerned in what he said about the Union Pacific matter than about these others that were mentioned in the conversation.

Q. If you can remember what the others were we would like to have that. A. The money trust was one and the financing of the Chicago and Alton in 1901 or 1902 was another. I do not recall any other that was mentioned.

Q. All right, sir, go ahead. A. Now he said at that time that the radical party, as he called them, or the radical faction, were about to commence these efforts and that they were going to make a point about common banking control. I do not think, however, I should undertake to give the conversation in detail. I know those matters were referred to and he mentioned some of the Congressmen who would lead in this and indicated that he might be very helpful in the matter and that his services were available if desired.

Q. Did he state what Congressmen they were? A. Why, Congressman Henry of Texas was mentioned as the leader of the radical faction, as he called it. I should like to state in that connection, however, that I have known Congressman Henry for a great many years and I never believed for a moment that there was any connection between this gentleman and Congressman Henry.

Kahn Reported to Lovett.

"I had had several interviews with Mr. Kahn," added Lovett a moment later. "It was a subject frequently discussed between us that as Lauterbach would call on Kahn to discuss these matters with him Kahn always promptly declined to entertain the suggestion, saying that it was useless to discuss them. But as chairman of the executive committee he reported to me what was said."

"What others were mentioned in this matter as having influence in Congress?" asked Chairman Overman.

"I think you had better ask Mr. Kahn about that," said the witness. "I know that he mentioned Congressman Henry and I do not know what other Congressmen he mentioned."

Q. Did he mention any other lawyers or lobbyists or people of influence who could influence Congress? A. No, not that I recall. I never had any conversation with Mr. Lauterbach about it at all myself on the subject. Of course we all of us had opinions. None of us believed that there was any foundation for the reported influence, but we had opinions as to others being connected with the plan to secure money by means of alleged legal employment, but those were the only direct conversations.

Got Many Communications.

Q. Did you have any conversation with anybody else about anybody trying to get employment for the purpose of influencing Congress directly or indirectly? A. Not in connection with any Congressional work. In a large matter of this sort involving $126,000,000 in stocks to be disposed of, of course scarcely a day, certainly not a week, passes when I have not had communications from somebody offering a solution of the problem. Sometimes we got dozens a day and very often they seem to be purely in the interest of public good, but more frequently those who offer them expect a consideration. I have had no others purporting to be in a position to exert influence.

Q. You have not been approached by any Congressman or ex-Congressman directly or indirectly? A. Not by any Congressman or ex-Congressman directly or indirectly so far as I know except in the case I have mentioned.

"Will you kindly indicate to us what you mean by a common banking control?" asked Senator Walsh. "There was a charge, I understand, that it was intended to have a common banking control."

"I was dealing more with the use of that expression in the public press and in a newspaper publication about that time," replied the witness. "I supposed it was intended to convey the impression that seems to be general, and yet frequently erroneous, that a certain group or different groups of bankers control different systems of railroads and it is said that it was a deep laid scheme for Kuhn, Loeb & Co., who were generally recognized as bankers for the Union Pacific, to get control of the Pennsylvania, the Union Pacific, the Southern Pacific and the Baltimore and Ohio and have a common control of these lines through a firm of bankers."

Q. That is to say, sustain about the same relation to each of these roads that they do now to the Union Pacific by the acquisition of stock? A. I assume it was intended to convey the impression that it meant more than that. They were to control these four systems.

To Get Stock for Control.

Q. By securing enough of the stock to control? A. I suppose that was the purpose.

Q. I did not quite understand what you meant by saying that it was because of the circulation of that rumor that you gave publicity to the matters you have told us about. A. I meant this, Senator, that with the publication in the press of reports to the effect that the pending negotiations with the Government, or rather the pending application before the Circuit Court for approval of an agreement to exchange certain Southern Pacific stock for certain Baltimore and Ohio stock, if it was a scheme of the bankers to secure a common control of the Pennsylvania, Union Pacific, Southern Pacific and Baltimore and Ohio, it would naturally, if it was believed, provoke hostility, because the Supreme Court has decreed that there shall not be any control, at least so far as the Union Pacific and the Southern Pacific are concerned. If these publications were widespread it might lead to the introduction of some resolution and perhaps to the passage of some resolution in Congress condemning the proposition now before the court, as to which the Attorney-General has been making some investigations, and in that way defeat the plan that is now pending and which must be determined by July 1 in order to avoid a receivership of the stock of the Southern Pacific which the Union Pacific owns.

Said to Be Part of Plan.

"Is it your idea," asked Senator Walsh, "that the circulation of these rumors and the publication of the statements concerning such a common banking control—that is to say, consolidation of these interests—was a part of the plan of generating hostility against your enterprises?

A. That was my idea.

Q. You believed that the same parties who were thus endeavoring to force the employment you speak about had caused these stories to be circulated for the purpose of arousing hostility toward you? A. I believed that, and Mr. Kahn was very positively of the opinion this newspaper publication to which I referred was inspired by the same parties who were seeking to force relations with us in this matter.

Q. It was for the purpose of dispossessing the public mind of that idea that you gave the interview? A. Yes, that was true, Senator.

Q. And in what paper did the statement of such purpose on your part appear? Do you recall? A. I saw it first on one of the news bureau slips in New York.

"You will observe," added Judge Lovett a moment later, "that that is dated on the 16th. My statement was made on the 17th, and it was on the morning of the 16th that Edward Lauterbach called on Mr. Kahn again."

Importuned Two or Three Months.

Q. Could you tell us over about what period the importunities extended, Mr. Lovett? A. Well, it would be a rough estimate, probably two or three months.

Q. As I understood you, they began immediately after the Supreme Court rendered its decision? A. Yes, it was, not very long after the decision.

Mr. Lovett in his testimony referred to an experience which Lewis Cass Ledyard, a New York lawyer, had.

"Soon after my statement was published," said Judge Lovett, "Mr. Ledyard communicated with me and told me of communications that he had by telephone from some person seeking to have some other person employed, who represented himself as being a member of Congress; but Mr. Ledyard took occasion to have that representation checked up. He had had a number of conversations and found out that the man who was representing himself as a member of Congress was not in fact a member of Congress, and was falsely impersonating a member of Congress."

LAUTERBACH DISCUSSES IT.

Otto Kahn, He Says, Is the Only Person He Talked To.

Edward Lauterbach talked freely last night of the conversation which he had with Otto H. Kahn recently regarding the Government's suit against the Union Pacific Railroad Company. He declared that Mr. Kahn was the only person to whom he had spoken concerning this matter and that he knew nothing of Congressman Riordan's activities. He said he knew the Congressman but slightly and had neither seen, spoken to nor heard from him in ten years.

"The only person I have spoken to recently with respect to Union Pacific affairs," said Mr. Lauterbach, "is Mr. Otto H. Kahn of Kuhn, Loeb & Co. In the course of a conversation about other matters I reminded him that the contention of the Government in its recent suit was the same as I maintained some years ago in another suit against the Union Pacific.

"I represented the holders of 310,000 shares of Southern Pacific stock, the majority of which had been acquired by the Union Pacific. The suit was brought to compel the Union Pacific to declare a dividend and to enjoin it from the ownership of the Southern Pacific stock. I maintained that the two were competing railroads and that the holding of this stock by one of them was repugnant to the Sherman anti-trust law and against public policy.

"I pointed out to Mr. Kahn that the same points were at issue, and he agreed with me. This was the only conversation I had with any one on this subject, except that Mr. Cravath, counsel for the Union Pacific, told me that some one had called him on the telephone and had suggested to him that I be retained in the case."

TITANIC TEST CASE HEARD.

Blame Put on Officers for Failure to Reduce Speed.

LONDON, June 25.—The negligence that caused the loss of the Titanic was not due to the lookout, but to failure on the part of officers to reduce speed, according to a verdict rendered this afternoon in a test case brought in the King's Bench division by Thomas Ryan against the White Star Company to recover damages for loss of his son when the ship went down. The jury handed down the following verdict:

"There was no negligence regarding the lookout on the ship, but there was negligence in not reducing speed. There is not sufficient evidence to show if the message from the steamship Messaba, reporting ice, reached a responsible officer on the Titanic." No judgment was given.

PAWN GOODS AT OWN RISK.

Court Decides Shop Owners Are Not Responsible for Thefts.

The Appellate Term of the Supreme Court decided yesterday that one who pledges his valuables in a pawnshop does so at his own risk, providing the pawnbroker takes ordinary precautions against burglary. The case before the court was brought by William W. Berg against Simons & Sons to recover for a diamond ring which was part of the loot stolen by burglars from the Simons firm when their office at 94 Hester street was robbed last March.

The robbers got gems on which the pawnbrokers had loaned $480,000 by tunnelling beneath the building. The Berg action was a test case, as hundreds of other actions have been brought in the Municipal courts against pawnbrokers by persons who lost property. For this reason the case will be appealed.

Mitchel Has New Secretary.

John Purroy Mitchel, Collector of the Port, has a new secretary, who went on the job yesterday. He is Bertrand de N. Cruger, Harvard '04, who will pursue the study of law at night. Mr. Cruger boarded the White Star liner Oceanic last evening and made himself familiar with the methods of examining baggage.

HOUSE MAY ABANDON M'NAB CASE INQUIRY

Administration's Promise to Rush "White Slave" Prosecution Satisfies Leaders.

REPORT IS MADE PUBLIC

Francis J. Heney, M. J. Sullivan and Thomas Hayden Considered as Special Counsel.

WASHINGTON, June 25.—The House Judiciary Committee will take up and probably report to-morrow the resolution introduced yesterday by Representative Kahn of California calling upon the Attorney-General to transmit to the House all the papers in his possession relating to the Caminetti-Diggs "white slave" case.

Such resolutions of inquiry are usually reported by committee and passed by the House as a matter of form and the rule is not likely to be waived in this case. The resolution will ask the Attorney-General to forward all documents and papers bearing on the Caminetti-Diggs affair. It is the expectation of the House leaders that the Attorney-General will promptly comply with the request.

No immediate action is contemplated by the House Committee on Rules on the Hinebaugh resolution directing the Judiciary Committee to make an inquiry into the case. The chances are that this measure will be pigeonholed. The leaders see no necessity at this time of action on the Hinebaugh resolution, inasmuch as the Administration has directed that there shall be no further delay in the prosecution.

Special Counsel Not Selected.

The President and the Attorney-General have not yet decided on the special counsel who are to prosecute the California cases held up by the Attorney-General.

Three men are being considered strongly for the place. Francis J. Heney, who prosecuted Abe Ruef and other political grafters in San Francisco, is regarded as the strong possibility for the President's choice. Others mentioned are Matt J. Sullivan, who was Heney's assistant, and Thomas Hayden. All three men are from San Francisco. Heney is a Progressive party leader. The others are Democrats.

President Wilson has made public the report on the Diggs-Caminetti case made to him by Attorney-General McReynolds. Other papers in the case made public at the White House include the President's letter to Mr. McReynolds explaining the policy of vigorous prosecution of the white slave cases and his telegram to District Attorney McNab in San Francisco accepting his resignation and administering a stinging rebuke.

M'NAB RAPS M'REYNOLDS

Says Attorney-General Hoped Cases Would Be Throttled.

SAN FRANCISCO, June 25.—When United States District Attorney McNab stepped out of office to-day he had the satisfaction of hearing a warm tribute to the value of his work from District Judge Van Fleet. He also took a parting shot at the Attorney-General in a statement which sums up the whole controversy from his point of view.

Mr. McNab declares that Attorney-General McReynolds could not have shown the President his telegrams giving details of the subornation of witnesses and other methods to destroy the cases. If he did, then, Mr. McNab says, "official Washington is not sensitive to the charge of corruption in its public servants."

Judge Clayton Herrington, special agent of the Department of Justice assigned to the "white slave" cases, received a despatch to-night from his chief in Washington saying that because he reflected on the integrity of the Attorney-General he is "suspended without pay pending an explanation." Herrington wired back:

"You are advised I have neither explanations nor apologies to make. Under the circumstances, I would repeat what I have said without the change of a single word."

To the President Herrington wired:

"As a citizen of California I charge that officials of the Department of Justice and of Commerce and Labor have prevented the deportation of French prostitutes in this State. I demand investigation of these matters, complete information of which is on file in Washington. On March 14 Secretary Wilson was informed about some of these cases."

McNab's Statement.

McNab's statement in part is as follows:

"No one in California will be for an instant deceived by the lame and puerile defence of the Attorney-General to the President. He says that I should have wired to remind him that I had three times warned him that postponement would destroy these cases; that it was boasted that a postponement would be obtained by political influence at Washington; that our witnesses were being suborned, and one of the defendants' attorneys was jailed for attempting to corrupt the witnesses, and that any continuance would leave this office under the stigma of corruption.

"The Attorney-General knew all this, but cared not a whit whether this office was charged with corruption or not so long as his rich and influential friends were satisfied. He wanted all these cases postponed with a view that they would be throttled and his rich and influential political friends be saved from just and righteous trial. Now, roused by the prick of public opinion, he expresses his sudden determination to force immediate trial by the aid of special counsel. Why this sudden paroxysm of virtuous haste?

"The Attorney-General never made such a suggestion until he was caught stifling the cases to death with orders to postpone until autumn. If it was proper to postpone these cases to death, why is it now necessary to rush to trial with expensive special counsel, 'the ablest we can obtain.' This spasm of excrutiating virtue should have seized the Attorney-General a week ago.

"Caminetti was not a witness, and he had no right to be a lawyer for his son, for the immigration law he is sworn to uphold makes it his sworn duty to prosecute violators of the white slave law, not to defend them. His presence was unnecessary, because his son is ably defended by seven prominent members of the California bar, one of whom has been so active in his behalf that he is under indictment for suborning perjury to save him.

"In resigning to prevent the throttling of these cases I did nothing more than to perform a simple and necessary public duty. If by so doing I have succeeded in a small way in awakening the public conscience and bringing these prominent offenders against the laws of our country to conviction—no matter by whom that conviction is obtained—then I shall feel that the effort has not been in vain."

ELOPERS AGAIN INDICTED.

Warrants Issued in Sacramento for Caminetti and Diggs.

SACRAMENTO, Cal., June 25.—Maury I. Diggs, former State Architect, and Drew Caminetti, son of A. Caminetti, Immigration Commissioner, have been indicted by the county Grand Jury, charged with abandonment of their minor children in eloping to Reno with Marsha Warrington and Lola Norris. Bench warrants have been issued for the arrest of the two men, who are already under indictment in San Francisco, accused of violation of the Mann white slave act.

DWYER RAIDS LYCEUM HOTEL.

Arrests Clerk and Forces Fifteen Guests to Hurry Away.

The Lyceum Hotel, 139 West Forty-fifth street, was raided last evening by Police Inspector Dwyer. The inspector acted on the authority issued by Chief Magistrate McAdoo and caused the arrest of Arthur W. Smith, clerk, on the charge of maintaining a disorderly house.

The inspector seized the register and, after placing the clerk under arrest, notified all the guests they must leave the hotel within forty-eight hours. There were only fifteen persons registered.

The hotel had been investigated by the police for several days and evidence obtained upon which the warrant for the arrest of Smith was issued. After the arrest was made Inspector Dwyer left a policeman in charge of the hotel, with orders to permit no persons to register there.

Dwyer is making a thorough investigation of his district and took the same action with the Lyceum Hotel that he did recently with the Lincoln and the Southern hotels. The hotel will be closed unless the proprietors go into court and get an injunction restraining the police from interfering with the establishment.

GOVERNOR CALLS UNIONS BREEDERS OF ANARCHY

Georgia's Executive Declares Labor Trust Most Aggressive in America.

ATLANTA, June 25.—Gov. Joseph M. Brown's farewell message to the Georgia Legislature, which convened to-day, contained a bitter attack on labor unions and a demand that legislation be passed to curb their activities.

Gov. Brown denounced the unions as an anarchy breeding trust and declared that they should be prosecuted and put out of existence. The Governor's message was inspired by the recent street car strike in Augusta. He placed the city under martial law and three citizens, not strikers, were killed. For his action in the Augusta case he has been severely criticised. In his message Gov. Brown says:

"It is for the Legislature to say whether it is going to surrender this State to labor union anarchy or whether it is going to preserve it for law.

"As to the killing in Augusta of the three men who by their deeds defied the militia, the suppression of anarchy is the right and duty of all and there come times when they must shoot it to death just as they shoot down foreign invaders.

"Upward of two millions of people in Georgia will look with no patience upon the continuance of a condition which leaves their basic rights in life at the mercy of the star chamber of the labor union.

"The labor trust is the most widespread and aggressively exacting trust in America, but politicians pander to it, statesmen stand in awe of it, and the public seems helpless in its grasp. Why? Because it votes in blocks of thousands.

"The labor unions have combined against all other classes to secure an advantage. They are breeding anarchy and must be suppressed."

Gov. Brown retired from office Saturday. He will be succeeded by John M. Slaton.

200 PER CENT. DIVIDEND.

Union Trust Co. Adds Two Shares of Stock to Each Old One.

The Union Trust Company declared a cash dividend of 200 per cent. yesterday, and the right was given to each stockholder to subscribe at par for two shares of new stock for every share he owned. The old stock has been quoted lately at 1250, and is closely held. The usual dividends have been 50 per cent. a year.

The money for the extra cash dividend comes out of a surplus acquired by the company before January 1, 1887. The statement announcing the dividend says the purpose of the special dividend is to put stockholders in funds so they can subscribe to their pro rata shares of new stock.

The company has been capitalized at $1,000,000, but the authorization of new stock places it on a $3,000,000 basis. The dividend is in effect a transfer of $2,000,000 from the surplus to the capital stock. The surplus now is $7,398,000.

ARRESTING NEGRO WITCHES.

Many Women Suspected of Murdering Child in Cuba.

Special Cable Despatch to THE SUN.

HAVANA, June 25.—Several more negro witches suspected of the murder of a white child have been arrested. They include two women from villages near Pedro Betancourt, province of Matanzas, where the child was murdered, who have been conducting dances since the crime was committed and it is believed the dancing has some connection with the murder.

The Governor of Matanzas says he is sure the guilty persons are among those arrested. He adds that he has no hope of discovering the child's body, as he is informed that the witches cut it up and divided the pieces among many.

CUBA FACES ECONOMIC CRISIS.

Much Sugar Unsold and Planters Without Money.

Special Cable Despatch to THE SUN.

HAVANA, June 25.—Cuba is threatened with a serious economic crisis because of the fact that more than a million tons of sugar are unsold on account of the low prices. The bankers are unable to advance any money and the planters are without funds.

Meanwhile the stored sugar is losing somewhat in weight and polarization.

COHALAN CASE IN LEGISLATURE

Continued from First Page.

that the Justice returned his share of the profits after being threatened; that he required that books and papers of the company which might be used as evidence against him be destroyed; that later he took a note from Connolly for $4,000, promising to get Connolly a political job; that he gave back the note, after being threatened once more with a suit, and that his reply to the charges was a statement "untrue and misleading."

The new charge that Justice Cohalan had a hand in the destruction of the Victor Heating Company's records in order to cover himself created a sensation here.

Senate Acts Promptly.

The Senate acted promptly after receiving the message and charges. Lieut.-Gov. Glynn appointed a committee, and a resolution offered by Senator Wagner, providing that the special investigating committee shall "formulate rules of practice and procedure in the matter of the proceedings, in pursuance of Article II. of Section VI. of the Constitution, for the removal of Daniel F. Cohalan from the office of Justice of the Supreme Court, with a statement of the cause alleged for such removal, and report the same to the Senate and Assembly with all convenient speed," was adopted.

The Assembly balked at the resolution in the form adopted by the Senate. Assemblyman Levy of New York argued that it should be amended so that it wouldn't look as though Justice Cohalan was to be removed offhand, as it were. That part of it was cut out therefore and the Senate agreed to the change.

The Legislature was surprised at the rapid action by the Bar Association. A report wasn't looked for so soon.

Asked Cohalan to Appear.

After detailing the steps leading up to its formal investigation, which included a request from Gov. Sulzer to make a report, the grievance committee sets out that it invited Justice Cohalan to appear and received a letter saying that the affairs of a Justice of the Supreme Court were not within the Bar Association's jurisdiction. Then the committee wrote again to the Justice, informing him that the investigation was to be made, that he could appear with or without counsel, as he pleased, and detailing the charges against him.

Justice Cohalan replied, saying he would not appear or be represented, and that he considered any recommendations or conclusions from the committee to the Governor would be manifestly improper and would prejudice the merits of the controversy. Justice Cohalan again insisted (this was on June 17) that the Legislature was the sole body that had authority to act in his case.

Proceeded to Investigate.

On June 18, however, the grievance committee proceeded with its investigation without Cohalan's presence. All save two members of the committee, Nathan Ottinger, who was excused because he had been a candidate for the Supreme Court against Cohalan, and Gherardi Davis, who was out of the city, took part in the report and were unanimous in supporting the Connolly charges.

In its first few findings (there are forty-two in all) the grievance committee reviews the early history of Connolly's Victor Heating Company and says that when Connolly became supreme in the company he and Cohalan were intimate friends.

"Said Daniel F. Cohalan," says the report, "had been active in the Democratic party and in the organization known as Tammany Hall in the city of New York for a long time prior to November, 1903, and at that time he was known as a person who had influence over members of that organization and over such of them as might hold public office in said city."

Agreed to Use Influence.

Then the report calls attention to the fact that Tammany won the city offices in November, 1903, and that Connolly about that time went to Cohalan to get his influence for the purpose of securing orders for the Victor Heating Company from the newly elected officials.

The committee finds that Cohalan agreed to use his influence for one-half of the Victor Heating Company's stock; that the proposition was refused and that Cohalan consented to use his influence for 55 per cent. of the net profits from city contracts. The company hadn't had city work before that agreement, but the grievance committee found that it got a good deal of work afterward from the Water Department and from the Borough President. The work secured is mentioned in detail, and the names of companies dismissed to make way for the Victor are given.

It was found, as Connolly said, that the company received payments from the city aggregating $48,864.81 and that Connolly prepared for Cohalan early in 1906 a statement showing what Cohalan's share was on the basis of 55 per cent. of the net profits. The committee traces and mentions various payments made by Connolly to Cohalan.

Suit Against Cohalan.

The report then takes up Connolly's demand on Cohalan for the return of the money, $3,940.55. Cohalan refused to repay and Alfred B. Cruikshank, for Connolly, brought suit in the Supreme Court with a complaint "containing allegations as to the circumstances under which the said moneys were had and received."

The grievance committee finds that Cohalan first offered $1,000 and then $1,500 in settlement. Connolly refused. Cohalan, the report says, "finally agreed to return and did return the entire sum on May 27, 1909." Then in the report come these new and previously unpublished charges against Cohalan:

"Said Cohalan, prior to his agreement to pay the said sum of $3,940.55, insisted and required as part of the terms of the settlement that the original verified complaint in said action be destroyed, together with all evidence of the transaction between said Cohalan and the Victor Heating Company or its representatives, and insisted and required that an amended complaint be prepared, verified and served upon him in which it should be alleged that the moneys claimed to be due had been previously loaned to the said Cohalan by the plaintiff therein (Connolly).

Original Complaint Destroyed.

"A verified amended complaint in accordance with said requirement was prepared and served on the respondent on May 27, 1909, and at the same time the original complaint in the said action was destroyed by the attorney for the plaintiff and thereupon said Cohalan paid to the attorney for the plaintiff the sum of $3,940.55 in cash.

"The said Alfred B. Cruikshank, who had personal charge of said action in behalf of the plaintiff, having agreed with said Cohalan to cause to be destroyed the evidence in fezaid to the transaction hereinbefore referred to, did, within a short time after the settlement of said action, destroy and cancel or cause to be destroyed and cancelled what he believed to be all the evidence of said transactions."

Then the report goes into Connolly's subsequent financial troubles and of his appeal to Cohalan for political employment.

Agreed to Aid Connolly.

Here is the finding in regard to Cohalan's act in that particular:

"Thereupon the said Connolly called upon the said Cohalan and asked for his aid and assistance. Said Cohalan thereupon informed said Connolly in substance that before he could secure such aid and assistance said Connolly would have to execute and deliver to said Cohalan his promisory note for $4,000 and an estoppel affidavit, and said Cohalan agreed that if such note and affidavit were delivered to him he would aid said Connolly to obtain an appointment to some political office as requested."

The report then takes up the published charges and Cohalan's printed reply, which is declared to be "untrue and misleading."

The witnesses examined by the grievance committee were John A. Connolly, Robert O. Scallan, Charles G. Wiley, Alfred B. Cruikshank, Edward L. Blackmar and J. Bennett Southard. The committee also examined the books and papers of the Victor Heating Company and the private correspondence of Connolly, Cruikshank and others.